

Substitute W-4P Tax Withholding Election Guide

Complete the Substitute W-4P form to start, stop, or change federal and/or Minnesota state income tax withholding. You can change your tax withholding at any time.

MSRS staff members are unable to provide advice regarding tax withholding. You are encouraged to consult a tax professional to determine your appropriate income tax withholding.

Because your tax situation may change from year to year, we encourage you to review your tax withholding election each year.

Information About You

The information you provide on this form is for internal use only by Minnesota State Retirement System (MSRS). You are not legally required to provide the information; however, it will help us to identify your account, contact you in the event your form is not properly completed, and report tax withholding information to the IRS.

Your Social Security number, telephone number and address are classified as private and will not be shared with an unauthorized person/entity without your written consent.

Federal Income Tax Withholding

If you do not provide federal tax withholding instructions, MSRS is required by law to withhold federal taxes based on the default option, which is married claiming three allowances (regardless of your actual marital status).

The IRS may impose an underpayment penalty if your federal withholding or estimated tax payment is too low. For additional information, refer to IRS Publication 505, Tax Withholding and Estimated Tax.

A portion of your retirement benefit may not be taxable if:

- a) payroll deductions were contributed to the plan before January 1983; or
- b) voluntary payments were made to the plan using tax-sheltered money to obtain retirement credit (such as for a leave of absence).

Federal law allows you to exclude the portion of your benefit payment each month that is not subject to income taxes until the excluded amount equals the taxes already paid.

MSRS calculates the number of months to which the exclusion applies and reports the amount to you on a Form 1099-R. For more detail, see www.msrs.state.mn.us/tax-information.

Minnesota Income Tax Withholding

You may be required to pay state income taxes on the portion of your monthly pension benefit that is subject to federal income taxes (if you live in a state that has state income taxes).

MSRS is only able to withhold Minnesota state taxes. You may owe Minnesota state income taxes if you live in Minnesota more than six months during the tax year. If you reside in another state or do not wish to have Minnesota state taxes withheld, you can choose “no withholding” in Section 3. If you change your state of residence from Minnesota, please notify MSRS if you want to stop state tax withholding.

If you do not provide state tax withholding instructions, no Minnesota tax will be withheld from your monthly benefit.

State withholding may not apply if you are age 65 or older, or are totally and permanently disabled. For information, call the Department of Revenue at 651.296.3781 or 1.800.652.9094. For Telecommunications Relay Service (TRS) to help with a person who is deaf or hard of hearing, call the Minnesota Relay Services at 1.800.627.3529 and ask to be connected to Revenue's Taxpayers' Assistance at 651.296.3781.

Changes to the Tax Tables

Periodically, the federal and Minnesota state tax tables change. Be aware that MSRS will automatically adjust your tax withholding if you are affected by tax table changes. In the event of any adjustments, your monthly pension benefit amount may change.

Tax Form 1099-R

Annually, by January 31, MSRS will mail you a 1099-R tax statement showing the total amount withheld from your pension benefit for federal and state income taxes. Be sure to notify MSRS of any temporary or permanent address changes to ensure you receive your tax documents.



For more information

Go to IRS.gov for Form **W-4P Withholding Certificate for Pension or Annuity Payments**.



Contact the MSRS Service Center:
1.800.657.5757 or 651.296.2761



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